

Message Text

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10
ACTION EA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01 PRS-01 USIA-06

NEA-09 EUR-12 /114 W
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R 180729Z APR 75
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 9601
INFO AMEMBASSY SINGAPORE

C O N F I D E N T I A L KUALA LUMPUR 2080

NOFORN

E.O. 11652: XGDS-1
TAGS: ENRG, MY, UK
SUBJ: BRITISH NOTE ON PETROLEUM AMENDMENT

REF: A. KUALA LUMPUR 2031; B. KUALA LUMPUR 2045

1. FOLLOWING IS OPERATIVE PORTION OF NOTE PASSED APRIL 17 BY
BRITISH DEPUTY HIGH COMMISSIONER TO MFA UNDERSECRETARY (ECONOMIC)
MON JAMALUDDIN RE PETROLEUM LAW
AMENDMENT (NON-ESSENTIAL WORDS DELETED):

BEGIN QUOTE: THE BRITISH HIGH COMMISSION PRESENT
THEIR COMPLIMENTS AND HAVE THE HONOUR TO STATE, ON INSTRUCTIONS,
THAT HMG FEEL THAT THEY MUST EXPRESS TO THE MALAYSIAN GOVT THEIR
DISQUIET AT RECENT MALAYSIAN PETROLEUM DEVELOPMENT AMENDMENT
BILL. THEY ARE NOT CLEAR HOW BRITISH OIL COMPANIES OPERATING
IN MALAYSIA WILL BE AFFECTED BY THE PROPOSED BILL. IN PARTICULAR
THE COMPANIES HAVE EXPRESSED THEIR CONCERN TO HMG THAT THEY
WERE NOT CONSULTED BY THE APPROPRIATE MALAYSIAN AUTHORITIES
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BEFORE THE BILL WAS LAID BEFORE THE PARLIAMENT. HMG RECOGNIZE

THAT ALL STATES ARE FREE TO EXERCISE CONTROL OVER EXPLOITATION OF THEIR NATURAL RESOURCES AND OVER OPERATION OF INDUSTRIAL ENTERPRISES WITHIN THEIR NATIONAL TERRITORY. BUT THEY WOULD URGE MALAYSIAN GOVT TO ENSURE THAT COMPANIES AFFECTED SHOULD BE CONSULTED AS EARLY AS POSSIBLE AND IN ANY CASE WELL BEFORE ANY STEPS ARE TAKEN WHICH MAY DIRECTLY AFFECT THEIR OPERATIONS. AS MALAYSIAN AUTHORITIES WILL BE AWARE, HIS EXCELLENCY THE PRIME MINISTER OF MALAYSIA ASSURED THE BRITISH PRIME MINISTER ON THE 14TH OF APRIL THAT THE MALAYSIAN GOVT WOULD BEAR IN MIND THE INTERESTS OF BRITISH COMPANIES. HE ALSO CONFIRMED THAT HE WAS HIGHLY CONSCIOUS OF THE DANGER OF INHIBITING POTENTIAL FOREIGN INVESTMENT, WHICH THE MALAYSIAN GOVT WERE MOST ANXIOUS TO ATTRACT. IN THESE CIRCUMSTANCES HMG WOULD BE GRATEFUL IF THE MALAYSIAN GOVT COULD ASSURE THEM THAT THEY INTEND TO FULFIL THEIR OBLIGATIONS UNDER INTERNATIONAL LAW REGARDING FOREIGN PROPERTY. THEY WOULD ALSO BE OBLIGED IF THE MALAYSIAN AUTHORITIES COULD GIVE THEM SOME CLARIFICATION OF HOW THEY INTEND TO TREAT BRITISH OIL COMPANIES UNDER THE PROPOSED LEGISLATION. END QUOTE.

2. COMMENT AND SUMMARY OF EXCHANGE BETWEEN TWO PRIME MINISTERS FOLLOW SEPTTEL.
UNDERHILL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, LAW, AMENDMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KUALA02080
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Film Number: D750136-0430
From: KUALA LUMPUR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750439/aaaabjtm.tel
Line Count: 84
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 KUALA LUMPUR 2031, 75 KUALA LUMPUR 2045
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2003 by BoyleJA>; APPROVED <23 JUL 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BRITISH NOTE ON PETROLEUM AMENDMENT
TAGS: ENRG, MY, UK
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006